



# NEWSFLASH

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Please see herein interesting industry information that may be relevant and valuable to you. If you would like more information on any comments noted herein please contact us directly and we will gladly expand or investigate further for you – please direct all enquiries to Graeme Impson on [graeme.impson@sctsolutions.co.za](mailto:graeme.impson@sctsolutions.co.za)

## **ADDITIONAL DUTIES IMPOSED ON IMPORTS OF CERTAIN STEEL PRODUCTS INTO SOUTH AFRICA**

Finance Minister Malusi Gigaba approved measures to restrict the importation of certain steel products for the next three years in order to protect the domestic steel industry from cheap imports by imposing a safeguard duty on certain steel commodities.

Safeguards are actions temporarily imposed on imports expected or likely to cause serious damage to a domestic industry competing with the imported goods.

The World Trade Organization (WTO) Safeguards Agreement is one of three principal trade defense agreements. The Southern African Customs Union (SACU) Members, Botswana, Lesotho, Namibia, South Africa and Swaziland are party to all of them.

South Africa is a founding Member of the World Trade Organisation (WTO), 1994 and its successor, the General Agreement on Tariff and Trade (GATT), 1947.

South Africa is also a signatory to various WTO Agreements, for example the World Trade Organization (WTO) Anti-dumping Agreement, Agreement on Subsidies and Countervailing Measures and Safeguards Agreement.

Safeguards allow a WTO member to temporarily restrict imports of a product to protect a specific domestic industry. This could occur because unforeseen surges in imports cause or threaten to cause serious damage to that particular industry.

The agreements above relate to measures of trade remedies, and in terms of our commitments under the agreements above, the WTO needs to be notified of any proposed remedial actions.

Measures can be applied under the Safeguards Agreement providing that all the following conditions prevail and apply during the term of the measures:

- they only apply for a temporary period;
- they are only imposed when the imports are found to cause or threaten serious injury to a competing domestic industry;
- they are applied to imports from all sources on a non-selective basis;
- the measures are progressively liberalized while in effect, the member imposing the safeguards may be required to compensate the members whose trade is affected.

Until today there were no safeguard duties in the Southern African Customs Union Tariff.

South Africa notified the WTO Committee on Safeguards of findings of serious injury or threat thereof caused by the increased imports and proposed safeguard measures in line with WTO document G/SG/W/1 dated 23 February 1995.

South Africa's notification to be circulated was dated 24 April 2017, and the WTO's Committee on Safeguards notified members of the Proposed Safeguards under a circular dated 27 April 2017.

The International Trade Administration Commission of South Africa (ITAC) initiated an investigation for remedial action in the form of a safeguard against the increased imports of certain flat hot-rolled steel products on 26 March 2016.

ITAC communicated its proposed preliminary determination to the WTO on 18 July 2016.

The preliminary determination was published in the Government Gazette on 22 July 2016.

The Committee on Safeguards was notified of the initiation of the investigation and the preliminary determination. The Committee notified other Members of the Agreement in WTO documents (G/SG/N/6/ZAF/4 and G/SG/N/8/ZAF/3).

The product subject to investigation is described as certain flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to-length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel, imported under Harmonized System tariff subheading 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.51, 7208.52, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, 7225.30, 7225.40, 7225.99, 7226.91 and 7226.99. (The original notification was given under HS 2012 and Customs administrations are now using a new version of the HS, HS 2017. None of the subheadings were affected by the transposition).

See the HS descriptions of the products in question: **(Only the under-lined products are affected)**

<b><u>HS Code (Heading / Subheading Code)</u></b>	<b><u>HS Description</u></b>
<b><u>72.08</u></b>	<b><u>Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated</u></b>
<b>72.11</b>	<b>Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated:</b>
<b>7211.1</b>	- <b>Not further worked than hot-rolled:</b>
7211.13	- - Rolled on four faces or in a closed box pass, of a width exceeding 150 mm and a thickness of not less than 4 mm, not in coils and without patterns in relief
<u>7211.14</u>	- - <u>Other, of a thickness of 4.75 mm or more</u>
<u>7211.19</u>	- - <u>Other</u>
<b>72.25</b>	<b>Flat-rolled products of other alloy steel, of a width of 600 mm or more:</b>
<b>7225.1</b>	- <b>Of silicon-electrical steel:</b>
7225.11	- - Grain-oriented
7225.19	- - Other
<u>7225.30</u>	- <u>Other, not further worked than hot-rolled, in coils</u>
<u>7225.40</u>	- <u>Other, not further worked than hot-rolled, not in coils</u>
7225.50	- Other, not further worked than cold-rolled (cold-reduced)
<b>7225.9</b>	- <b>Other:</b>
7225.91	- - Electrolytically plated or coated with zinc
7225.92	- - Otherwise plated or coated with zinc
<u>7225.99</u>	- - <u>Other</u>
<b>72.26</b>	<b>Flat-rolled products of other alloy steel, of a width of less than 600 mm:</b>
<b>7226.1</b>	- <b>Of silicon-electrical steel:</b>
7226.11	- - Grain-oriented
7226.19	- - Other
7226.20	- Of high speed steel
<b>7226.9</b>	- <b>Other:</b>
<u>7226.91</u>	- - <u>Not further worked than hot-rolled</u>
7226.92	- - Not further worked than cold-rolled (cold reduced)
<u>7226.99</u>	- - <u>Other</u>

The general and MERCOSUR rate of duty on all the steel commodities that are subject to the safeguard duty of 12% (for the next year) is 10%, which means that customs duty on goods imported from or originating in all countries except the EU, EFTA and the SADC will be 22%. The rate of duty from the EU, EFTA and SADC is free, and it will thus only be the 12% safeguard duty that will apply from these countries.

The safeguard duty will be reduced by 2% to 10% with effect from 11 August 2018 up to and including 10 August 2019, and by a further 2% to 8% on imports with effect from 11 August 2019 up to and including 10 August 2020.

Please note that many countries (including the BLNS Countries which are SACU Member States are excluded from payment of the safeguard duty in terms of the recommendation on Report 551.

Three notices were published to implement the recommendation in Report 551, namely Notices R. 829 to R. 831 which were published in *Government Gazette* No. 41038 of 11 August 2017.

(Extracted from Article Jacobsens News Bulletin)



We thank you for your continued support and partnership

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